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January 16, 2007

FLORENCE P. BELSER
GENERAL COUNSEL

VIA E-FILING & HAND DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Application of Quail Hollow Utilities, Incorporated for Approval of the Transfer
 of Its Sewer System to the City of West Columbia –
 Docket No. 2006-352-S

Dear Mr. Terreni:

Enclosed please find the original and one copy of the Direct Testimony of Dawn M. Hipp in the above referenced docket.

Please note that the attached documents are exact duplicates, with the exception of the form of the signature, of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions.

By copy of this letter we are also serving all other parties of record. Please let me know if you have any questions.

Sincerely,

Nanette S. Edwards

NSE/pjm
Enclosures

cc: Raymon E. Lark Jr., Esquire
 William F. Austin, Esquire

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY

OF

DAWN M. HIPPIE

JANUARY 16, 2007



DOCKET NO. 2006-352-S

**Application of Quail Hollow Utilities, Inc. for
Approval of the Transfer of Its Sewer
System to the City of West Columbia**

TESTIMONY OF DAWN M. HIPPI

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2006-352-S

IN RE: QUAIL HOLLOW UTILITIES, INC.

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Dawn M. Hipp. My business address is 1441 Main Street, Suite 300, Columbia, South Carolina 29201. I am employed by the state of South Carolina as a Program Manager in the Water/Wastewater Department for the Office of Regulatory Staff ("ORS").

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I am a 1992 graduate of Moorhead State University where I earned a B.S. in Political Science. I have over eight years of experience in hazardous waste regulation. From 1996 to 1999, I worked for Laidlaw Environment Services in Saukville, Wisconsin, as an accounts receivable supervisor and then as a facility accounting supervisor for Laidlaw's Government Services Division. In this role, I facilitated electronic commerce including EDI transfers of orders and EFT

1 payments with customers. I also developed, implemented, and enhanced
2 government billing and waste tracking systems. From 1999-2003, I worked for
3 Safety-Kleen Corporation and Clean Harbors Environmental Services, Inc. in
4 Columbia, SC as an operations manager in the Government Services Division. In
5 this role, I managed the financial, operations and all regulatory aspects of field
6 offices nationwide serving Department of Defense hazardous waste removal
7 contracts. I was accountable for the viability of 14 government contracts yielding
8 \$12 million in revenue annually.

9 In September 2004, I joined ORS as the Program Specialist for the Water and
10 Wastewater Department. I am a member of the American Water Works
11 Association ("AWWA") and the South Carolina Section of the American Water
12 Works Association ("SC-AWWA"). In addition, I have completed the Eastern
13 National Association Regulatory Utility Commissioners ("NARUC") Utility Rate
14 School: Basics of Ratesetting and New Mexico State University's Center for
15 Public Utilities Workshop: Regulating Small Water Utilities.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
17 **PROCEEDING?**

18 A. The purpose of my testimony is to set forth the ORS staff findings relative to my
19 review of the petition of Quail Hollow Utilities, Inc. ("QHU") for transfer of the
20 sewer collection system serving the Quail Hollow subdivision to the City of West
21 Columbia. Specifically, I will focus on QHU's compliance with the Public
22 Service Commission ("Commission") rules and regulations, the City of West

1 Columbia's ("City") qualifications to own and operate a sewer collection system
2 and the impact of the requested transfer on QHU customers.

3 **Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS**
4 **TESTIMONY?**

5 A. Yes, my testimony details ORS's findings.

6 **Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**
7 **TESTIMONY.**

8 A. I reviewed QHU annual reports and performance bond documents submitted to
9 the Commission. In addition, I reviewed customer complaint information obtained
10 from the ORS Consumer Services department.

11 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE SERVICE AREA,**
12 **SERVICE TYPE AND CUSTOMER BASE SERVICED BY QHU.**

13 A. QHU is a public utility providing wastewater collection services to 588 residential
14 customers in and around the Quail Hollow subdivision located in the West
15 Columbia area of Lexington County. The City currently provides wastewater
16 treatment services for QHU customers and the wastewater treatment expense is
17 included in the Commission approved rate of \$21.50 per month charged by QHU.

18 **Q. IS QUAIL HOLLOW UTILITIES, INC. CURRENTLY IN COMPLIANCE**
19 **WITH COMMISSION RULES AND REGULATIONS?**

20 A. Yes. As of this date, ORS does not have any current actions pending against QHU
21 nor is ORS aware of any failure by QHU to comply with Commission rules and
22 regulations. In addition, ORS Consumer Services Department records indicate
23 one customer complaint filed and resolved in February 2005.

1 **Q. IS THE CITY OF WEST COLUMBIA QUALIFIED TO OPERATE A**
2 **SEWER COLLECTION SYSTEM?**

3 A. The City currently provides water service and wastewater treatment services to
4 the QHU customers. In addition, the City provides collection and wastewater
5 treatment services to other customers in the West Columbia area. As a municipal
6 entity, the City has extensive technical and financial resources available which
7 enables it to provide quality services to its customers.

8 **Q. HOW DOES THE PROPOSED TRANSFER IMPACT CUSTOMERS OF**
9 **QUAIL HOLLOW UTILITIES, INC.?**

10 A. If the proposed transfer is approved by the Commission, the City will begin
11 providing comprehensive sewer collection and treatment services to the QHU
12 service area. The City will bill customers based on their monthly water
13 consumption at the out of town residential base rate of \$13.85/month and
14 \$1.75/1,000 gallons if water usage exceeds 6,000 gallons per month. These rates
15 are set by City ordinance. In addition, the City has indicated to the customers
16 located in the QHU service area that an upgrade to the sewer collection service is
17 needed. The City has estimated that a \$20.00/month Capital Improvement Service
18 Charge would be assessed to each customer over a fifteen year timeframe to
19 defray the cost of capital improvements on the sewer collection system located in
20 the QHU service area.

21 **Q. DOES ORS OPPOSE THE TRANSFER OF QUAIL HOLLOW UTILITIES,**
22 **INC. SEWER COLLECTION SYSTEM AND SERVICE AREA TO THE**
23 **CITY OF WEST COLUMBIA?**

1 A. No. ORS is not opposed to the proposed transfer of the QHU sewer collection
2 system and service area.

3 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

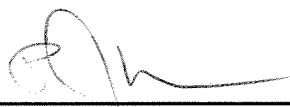
4 A. Yes it does.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2006-352-S

IN RE:)	
Application of Quail Hollow Utilities,)	CERTIFICATE OF
Incorporated for Approval of the Transfer of)	SERVICE
Its Sewer System to the City of West)	
Columbia)	

This is to certify that I, Pamela J. McMullan, have this date served one (1) copy of the **DIRECT TESTIMONY OF DAWN M. HIPP** in the above-referenced matter to the person(s) named below by causing said copy to be electronically delivered and hand delivered to:

Raymon E. Lark Jr.
William F. Austin
Austin, Lewis & Rogers, P.A.
500 Hampton Street, Suite 300
Post Office Box 11716
Columbia, SC 29201



Pamela J. McMullan

January 16, 2007
Columbia, South Carolina